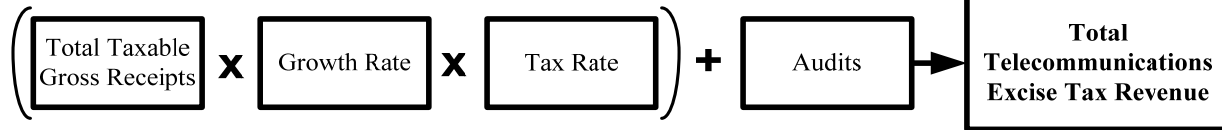


## Forecast Methodology:

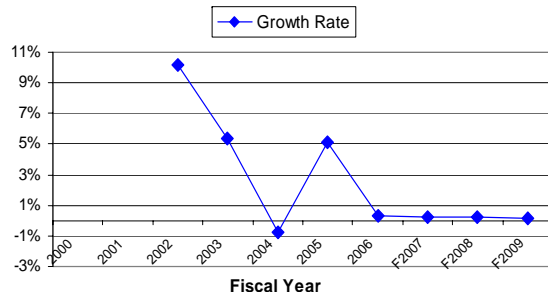


## Adjustments and Distribution

Once total tax revenue for each fiscal year is determined, the applicable distribution percentage, 100 percent to the general fund, is applied.

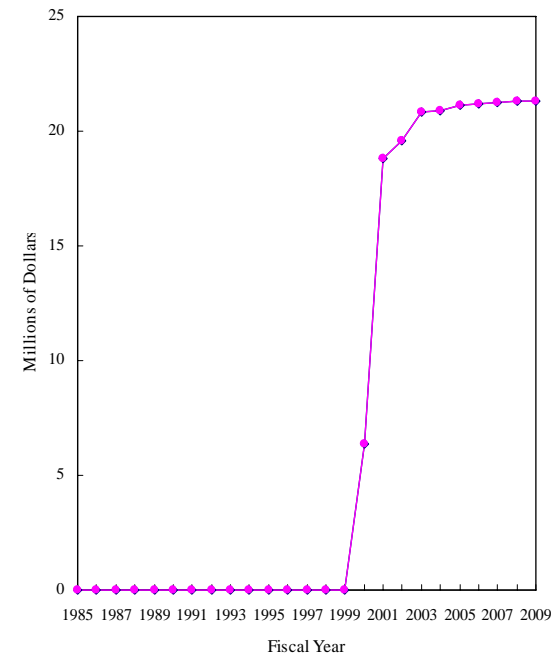


Change in Telecommunication Sales



		Total	General Fund	GF
	Fiscal	Collections	Collections	Percent
	Year	Millions	Millions	Change
A	1985	0.000000	0.000000	Not App.
A	1986	0.000000	0.000000	Not App.
A	1987	0.000000	0.000000	Not App.
A	1988	0.000000	0.000000	Not App.
A	1989	0.000000	0.000000	Not App.
A	1990	0.000000	0.000000	Not App.
A	1991	0.000000	0.000000	Not App.
A	1992	0.000000	0.000000	Not App.
A	1993	0.000000	0.000000	Not App.
A	1994	0.000000	0.000000	Not App.
A	1995	0.000000	0.000000	Not App.
A	1996	0.000000	0.000000	Not App.
A	1997	0.000000	0.000000	Not App.
A	1998	0.000000	0.000000	Not App.
A	1999	0.000000	0.000000	Not App.
A	2000	6.366299	6.366299	Not App.
A	2001	18.838200	18.838200	195.91%
A	2002	19.593501	19.593501	4.01%
A	2003	20.804524	20.804524	6.18%
A	2004	20.890335	20.890335	0.41%
A	2005	21.144420	21.144420	1.22%
A	2006	21.208947	21.208947	0.31%
F	2007	21.255000	21.255000	0.22%
F	2008	21.298000	21.298000	0.20%
F	2009	21.335000	21.335000	0.17%

Telecommunications Excise Tax



[www.leg.mt.gov/css/fiscal](http://www.leg.mt.gov/css/fiscal)

## LFD Mission Statement

We are committed to enhancing the legislative process through understandable and objective fiscal policy analysis

Taxes in Brief...

**Telecommunications  
Excise Tax**

November 2006

**Fiscal Pocket Guide**



**Revenue Description:**

The retail telecommunications excise tax is levied on the sales price of retail telecommunications services originating or terminating in the state. It is paid by the retail purchaser and collected by the provider.



Legislative Fiscal Division  
Revenue & Taxation Policy  
Room 110, State Capitol  
Helena, MT 59620-1711  
(406) 444-2986

**Statutory Reference:**

Tax Rate (MCA) – 15-53-130

Tax Distribution (MCA) – 15-53-156

Date Due – 60 days after the end of the calendar quarter (15-53-139)

**Applicable Tax Rate(s):**

The current tax rate of 3.75% is applied to the sales price of retail telecommunications services. Sales price includes payment for services such as distribution, supply, transmission, and delivery, but excludes federal taxes, relocation of service, equipment repair, prepaid calling cards, and other items. Gross receipts from the provision of internet services are also exempt. Credits previously allowed for costs of advanced telecommunications infrastructure improvements were repealed in House Bill 96 by the 2003 legislature.

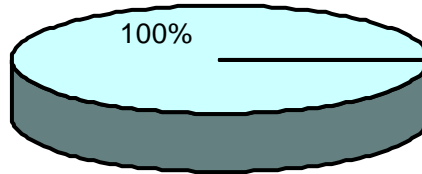
**Distribution:**

After retaining an allowance for refunds, all proceeds are deposited into the general fund.

**Distribution Methodology:**

**General Fund**

100%



**Collection Frequency:** Quarterly

**% of Total General Fund Revenue:**

FY 2004 - 1.51%

FY 2005 - 1.38%

FY 2006 - 1.24%

**Revenue Estimate Methodology:**

The retail telecommunications tax is applied to the sales price of services provided. The estimate for the tax revenue is derived by estimating the annual sales price of services provided for the 3-year period in question. Using these estimates of sales, the tax rate is applied.

**Data**

Data from quarterly reports produced by DOR provide a history of retail telecommunications sales for each individual company. CPI data is obtained from Global Insight.

**Analysis**

The total retail telecommunication sales are reported by the DOR. The ratio of the growth rate in sales from the previous fiscal year to the CPI rate as report by Global Insight for that year is multiplied by the CPI rate for the current year. The resulting growth rate is applied to the sales of the previous year. Yearly estimated taxable sales are multiplied by the tax rate to derive total revenue from this source.